

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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Report Highlights:

Post continues to forecast MY 2009/10 coffee production at 295,000 tons (4.9 million 60 kg-bags), unchanged from the May forecast. MY 2008/09 coffee exports are estimated to have declined to 180,000 tons from 220,000 tons in MY 2007/08 because of reduced supplies and higher domestic prices vis-à-vis global prices. Exports are forecast to rebound to 210,000 tons in MY 2009/10.

Commodities:

Coffee, Green

Production:

Post continues to forecasts MY 2009/10 coffee production at 295,000 tons (4.9 million 60 kg-bags). Timely pre-blossom showers this March followed by satisfactory backup rains prompted the Indian Coffee Board to make post-blossom forecast of 306,300 tons of coffee (101,525 tons of Arabica and 204,775 tons of Robusta) for MY 2009/10 against 262,300 tons (79,500 tons Arabica and 182,800 Robusta) in MY 2008/09. However, according to industry sources, this is likely to be revised marginally downward in the post-monsoon estimate to be released later this month following unusual heavy rains in late September and early October in some coffee growing areas.

Consumption:

Domestic coffee consumption is increasing, thanks to the expansion of coffee café culture in urban areas, even in non-traditional coffee drinking regions of northern India. The current economic slow down does not seem to have significantly impacted coffee consumption in India. According to a survey sponsored by the Indian Coffee Board, coffee consumption in CY 2008 is estimated at 94,400 tons, 73 percent in urban areas and 27 percent in rural areas (south India). Post estimates Indian coffee consumption in CY 2009 at 97,000 tons.

Italian coffee brand Café Pascucci has entered India with the launch of its outlet in Bangalore. Madhura Beverages India Pvt. Ltd., the exclusive master franchisee for this brand in India, plans to set up 60 outlets across the country.

Barista Coffee Company Ltd., which currently has 230 stores in India, plans to add 100 stores every year. This retail coffee chain was bought over by Italy's coffee brand Lavazza in 2007.

After entering the cash-and-carry format, Café Coffee Day, which currently has 810 outlets out of the total 1200 café retail outlets in the country, plans to tie up with leading retail chains in the B2C space to vend its coffee at a national level. For promoting in-home coffee consumption, this coffee retail chain proposes to have a 'dual' strategy to expand its business both as a packaged retail brand as well as a coffee chain.

Trade:

Considering the improved production prospects and likely higher global prices in MY 2009/10, exports are forecast to rebound to around 210,000 tons. Coffee exports in MY 2008/09 were around 180,000 tons, 20 percent down from the MY 2007/08 exports of 220,000 tons because of reduced exportable surplus and high domestic prices vis-à-vis global prices. The global economic slow down also seems to have negatively impacted India's exports, particularly of soluble coffee, mostly destined to Russia.

On a calendar year basis, India's coffee exports in CY 2008 were 213,000 tons compared with 214,000 tons in CY 2007. Italy, Russian Federation, Germany, Belgium, Spain, and Finland account for almost 55 percent of total exports. Exports to the U.S. in CY 2008 were around 2,500 tons down from 3,900 tons in CY 2007.

India imports small quantities of low-priced coffee, mostly from Indonesia, Uganda, Vietnam, and Ivory Coast, for value addition and re-exports. Such imports in IFY 2007/08 were around 27,000 tons but declined to 13,000 tons in IFY 2008/09 because of reduced export demand for soluble coffee.

Stocks:

Although no official data is available, carry over stocks of coffee for MY 2009/10 are likely to decline due to the fall in production and increasing domestic consumption.

Policy:

Please refer Annual Coffee report (IN9061).

Production, Supply and Demand Data Statistics:

Table 1: Commodity, Coffee, Green, PSD

Coffee, Green India	2008			2009			2010		
	2007/2008			2008/2009			2009/2010		
	Market Year Begin: Oct 2007			Market Year Begin: Oct 2008			Market Year Begin: Oct 2009		
	USDA Official Data		Old Post	USDA Official Data		Old Post	USDA Official Data		Jan
			Data			Data			Data
Area Planted	388	388	388	390	390	394	392	392	395
Area Harvested	345	345	345	345	345	350	345	345	350
Bearing Trees	550	550	550	555	555	555	557	557	557
Non-Bearing Trees	75	75	75	70	70	70	70	70	70
Total Tree Population	625	625	625	625	625	625	627	627	627
Beginning Stocks	2,228	2,228	2,228	1,985	1,985	1,985	1,773	1,773	1,937
Arabica Production	1,583	1,583	1,583	1,325	1,325	1,325	1,500	1,500	1,500
Robusta Production	3,082	3,082	3,082	3,050	3,047	3,047	3,400	3,400	3,400
Other Production	0	0	0	0	0	0	0	0	0
Total Production	4,665	4,665	4,665	4,375	4,372	4,372	4,900	4,900	4,900
Bean Imports	330	330	330	200	200	200	200	200	200
Roast & Ground Imports	0	0	0	0	0	0	0	0	0
Soluble Imports	0	0	0	0	0	0	0	0	0
Total Imports	330	330	330	200	200	200	200	200	200
Total Supply	7,223	7,223	7,223	6,560	6,557	6,557	6,873	6,873	7,037
Bean Exports	2,615	2,616	2,615	2,460	2,460	2,295	2,900	2,900	2,600
Rst-Grnd Exp.	5	5	5	7	7	5	10	10	10
Soluble Exports	1,044	1,044	1,044	700	700	700	900	900	900
Total Exports	3,664	3,665	3,664	3,167	3,167	3,000	3,810	3,810	3,510
Rst,Ground Dom. Consum	1,314	1,313	1,314	1,320	1,317	1,320	1,320	1,320	1,330
Soluble Dom. Cons.	260	260	260	300	300	300	300	300	320
Domestic Use	1,574	1,573	1,574	1,620	1,617	1,620	1,620	1,620	1,650
Ending Stocks	1,985	1,985	1,985	1,773	1,773	1,937	1,443	1,443	1,877
Total Distribution	7,223	7,223	7,223	6,560	6,557	6,557	6,873	6,873	7,037
Exportable Production	3,091	3,092	3,091	2,755	2,755	2,752	3,280	3,280	3,250